
**Community Development, Housing &
Tribal Affairs Committee**

SSB 5072

Brief Description: Concerning a sales and use tax exemption for disabled veterans and members of the armed forces for certain equipment and services that assist physically challenged persons to safely operate a motor vehicle.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Delvin, Hobbs, Baumgartner, Becker, Carrell, Roach, Schoesler, Holmquist Newbry, Hatfield, Hewitt, Shin, Keiser and Rolfes).

Brief Summary of Substitute Bill

- Provides an exemption from the sales and uses tax for the purchase of certain automotive adaptive equipment by a disabled veteran.

Hearing Date: 3/19/13

Staff: Sean Flynn (786-7124).

Background:

The state levies a tax on the retail sale of tangible personal property, digital goods and certain services within the state. A taxable retail sale also includes the installation, repair, alteration or improvement made to a consumer's personal property. If a retail sales tax is not collected on the property or services at the time of sale to the consumer, then a separate tax is imposed on the value of the property or services used within in the state. The state sales and use tax rate is 6.5 percent. Counties and cities are authorized to impose an additional sales and use tax at a lesser rate than the state rate.

The sales and use tax is subject to various exemptions, including the sale of certain medical items. Durable medical equipment and mobility enhancing equipment specifically are not included as medical items that are exempted from the tax. Durable medical equipment is

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equipment serving a medical purpose that is not worn on the body, such as a prosthetic limb, and used more than once for a person with an injury or illness. Medical mobility equipment is equipment used to provide increased movement in the home or motor vehicle, but does not include equipment normally provided by the motor vehicle manufacturer.

The United States Department of Veterans Affairs' (DVA) Automobile Adaptive Equipment program provides equipment and training for physically challenged veterans to enter, exit, and safely operate motor vehicles. The DVA reimburses qualifying veterans who purchase special equipment installed in the veteran's own motor vehicle, including wheelchair lifts, under vehicle lifts, power door openers, lowered floors and raised roofs, raised doors, hand controls, left foot gas pedals, reduced effort and zero effort steering and braking, and digital driving systems, as well as standard power equipment. The DVA reimbursement includes the sales taxes paid for the equipment and installation.

Summary of Bill:

The sale of certain add-on automotive adaptive equipment that assists in the entry, exit or safe operation of a motor vehicle is exempt from the sales and use tax. The exemption includes the service charges for installing and repairing the equipment . The exemption does not apply to equipment installed by the manufacturer of the motor vehicle. The equipment must be prescribed by a physician.

The exemption only applies if:

- the purchaser is a disabled veteran or disabled active member of the armed forces;
- the purchase is reimbursed in whole or in part by the federal government; and
- the reimbursement must be paid directly by the federal government to the seller.

The seller making a tax-exempt sale either must obtain from the purchaser an exemption certificate issued by a federal department, or must capture the relevant data allowed under the streamlined sales and use tax agreement.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.